

disturbing the economic life of Canada but rather helping it in many ways. To-day we are importing some 250 million pounds of vegetable oils yearly, and we are producing about the same amount of creamery butter.

This matter was brought to the attention of the government and the tariff board because of the fact that in August, 1936, the United States introduced an amendment to its revenue act, known as the Bailey amendment, which imposed an excise tax on vegetable oils entering the United States from foreign countries, amounting to 3 cents a pound and, in some instances to 3½ cents a pound. The net result was that our surplus animal fat products could not find their way to the Chicago market, which controls that industry as it has controlled it for the last half century. The result was that the market for those commodities in Canada collapsed. At the same time several billions of pounds of vegetable oils were backed up on the world's markets by that enactment. The Canadian market remained free, and imports into Canada jumped from year to year, by leaps and bounds. The 90,000,000 pounds of 1936 has now reached the staggering figure of 250,000,000 pounds a year. The lard industry in Canada is demoralized. Dairy butter production in this country has sunk to half the level which obtained ten years ago. Shortening and vegetable oils are taking the place of lard and butter which were used previously. Butter was in heavy demand in the cake industry, and lard in the biscuit and bread industry. But that butter and lard has been replaced by vegetable oils which enter this country free.

The dairy interests of Canada realized the danger, and as a result the National Dairy Council of Canada of its own volition passed a resolution at Winnipeg stating that something must be done to stop this tremendous influx. Other interests in Canada producing lard and other fats held along similar views. The Hon. Mr. Dunning, the then incumbent of the seat now occupied by the minister, suggested that those interests combine their briefs and make application to the tariff board. The brief of the National Dairy Council of Canada represented 300,000 dairy farmers, the creameries of Canada, the cheese interests and the live stock producers' organizations, along with that section of the packing house industry which was not interested in the production of vegetable oil shortenings. All the packing houses in Canada, with the exception of the big two, supported the application, and as a result a hearing was arranged in December, 1936. A very strong case was presented by the applicants, and they were met by strong opposition. The late Mr. Justice Sedgewick presided at the hearings.

Whereas the application is recited in a small section of the volume, the rebuttal evidence given by the high-priced economists in Canada, who were trying to break down the case of the dairy farmers, filled 90 per cent of the volume of evidence. Four days were consumed in hearing so-called experts and economists who were trying to break down the merits of the application. They failed to break it down, and after many proddings by certain members of this honourable house a finding was brought in and tabled.

I purpose putting that finding on record, because I say that we have here over \$5,000,000 in revenue which the minister has not seen fit to pick up. I quote the following as the finding of the tariff board in respect of application 99:

The revised schedules on animal and vegetable oils listed above are suggested on condition that there be imposed excise taxes on vegetable oils used in the manufacture of vegetable shortening, lard compound and soap. These taxes could be imposed by inserting in schedule II to section 80 of the Special War Revenue Act, chapter 179, R.S. 1927.

(4) Vegetable shortening and lard compound: on the vegetable oil content thereof, by weight, 3 cents per pound.

(5) Soaps of all kinds: on the vegetable oil content thereof, by weight, 2 cents per pound.

Taxes in the United States on these commodities ran anywhere from three and one-half cents to as high as 8 cents per pound, while we were asking only for this moderate tax. The finding continues:

The consumption of vegetable oils in the vegetable shortening industry amounts to approximately 125 million pounds annually. An excise tax of 3 cents per pound on the vegetable oil content of vegetable shortening will yield on the basis of the 1937 consumption figures a revenue of approximately \$3,340,000 per year.

The consumption of vegetable oils in soap manufacture amounts to approximately 60 million pounds annually. A tax of 2 cents per pound on the vegetable oil content of soap would yield on the basis of the 1937 consumption figures a revenue of approximately \$1,360,000 per year.

That will make a total of \$4,700,000, based on imports of 125,000,000 pounds, plus 60,000,000 pounds, or a total of 185,000,000 pounds. But since then the importation has risen to 240,000,000 pounds, with the result that instead of receiving \$4,700,000, we might just as well be receiving a sum close to \$6,000,000; the treasury of Canada might be receiving that amount each year in respect of this one item alone.

Then, mark carefully this next quotation from the finding of the tariff board:

The imposition of these excise taxes will not prohibit importations of vegetable oil.

I now ask hon. members to mark carefully my next observation in this connection: If